

Message Text

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ACTION ABF-01

INFO OCT-01 EUR-25 ISO-00 CIAE-00 COME-00 EB-11 INR-10

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R 201028Z DEC 73

FM AMEMBASSY WARSAW

TO SECSTATE WASHDC 7041

INFO AMEMBASSY VIENNA

AMCONSUL POZNAN

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E.O. 11652: N/A

TAGS: BEXP, PL

SUBJECT: PAYMENT OF EXPENSES FOR US EXHIBIT AT POZNAN

FAIR

REF: (A) STATE 219598; (B) WARSAW 5904

VIENNA FOR EWTC

DEPT PASS TO COMMERCE AND TREASURY

STATE FOR M/FM - WHITENER

1. SUMMARY: CONTINUING DISCUSSIONS BETWEEN EMBASSY AND
GOP ON CHARGES FOR POZNAN FAIR HAVE NOW SHIFTED FRM
MINISTRY OF FINANCE TO MINISTRY OF FOREIGN TRADE. STEFAN
STOPINSKI, DEPUTY DIRECTOR OF CURRENCY-FINANCE DEPARTMENT
IN MFT, HAS AGREED THAT REMAINING CHARGES FOR JUNE 1073 FAIR
WILL BE SUBMITTED TO EMBASSY FOR PAYMENT, BUT SUGGESTED
THAT NEW FEE SCHEDULE MAY BE APPLIED TO FUTURE USG
PARTICIPATION. SCHEDULE WOULD APPLY ONLY TO EXHIBITORS
PAYING EXPENSES IN ZLOTY (STOPINSKI ACKNOWLEDGES US IS
SOLE PARTICIPANT IN POZNAN FAIR FALLING INTO THIS
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CATEGORY) AND EFFECTIVE RATE OF EXCHANGE WOULD BE 24

ZLOTY RATHER THAN 19.92 ZLOTY TO THE DOLLAR. ACCORDING TO STOPINSKI, PURPOSE OF NEW SCHEDULE OF FEES WOULD BE TO AVOID "LOSS" EXPERIENCED BY GOP WHEN DOLLAR CHARGES OF FAIR ARE PAID BY USG FROM PL-480 ZLOTY AT RATE OF 19.92 ZLOTY PER DOLLAR. END SUMMARY.

2. IN MEETING ON DECEMBER 6, STOPINSKI, WHO IS FORMER DEPUTY DIRECTOR OF FOREIGN DEPARTMENT OF MINISTRY OF FINANCE AND WELL KNOWN TO EMBASSY FOR HIS DOGGED INTEREST IN PL-480 MATTERS, RAISED TWO ARGUMENTS:

(A) POZNAN FAIR MANAGEMENT (MTP) PRESENTS ITS BILLS IN DOLLARS, BUT USG PAYS IN ZLOTY AT RATE OF 19.92 ZLOTY TO THE DOLLAR, WHICH IS 4.08 ZLOTY BELOW THE RATE (24-1) AT WHICH GOP HAS REPAID IT PL-480 DEBT AND RATE AT WHICH FUNDS ARE DPOSITED INTO USG ZLOTY ACCOUNTS. GOP, STOPINSKI ARGUED, IS LOSING 4.08 ZLOTY FOR EACH DOLLAR OF CHARGES WHICH USG PAYS IN ZLOTY. THEREFORE, HE INSISTED, METHOD SHOULD BE FOUND FOR USG TO PAY MTP CHARGES AT RATE FO 24-1.

(B) MFT HAD BEEN ADVISED THAT US FIRMS ARE BILLED IN DOLLARS FOR SPACE RENTAL IN THE US PAVILION, YET BILL FOR SPACE PRESENTED BY FAIR MANAGEMENT WAS ALWAYS PAID IN ZLOTY. IT APPEARED, THEREFORE, THAT NOT ALL DOLLARS PAID OUT BY PRIVATE US FIRMS FOR FAIR EXPENSES WERE REACHING THE FAIR MANAGEMENT, AND THAT USG MIGHT BE USING PL-480 FUNDS TO COVER WHAT WERE PROPERLY PRIVATE EXPENSES OF US FIRMS.

3. IN A DECEMBER 14 MEETING, EMBOFF RESPONDED THAT RATE AT WHICH FUNDS PAID INTO AND OUT OF US OWNED PL-480 ACCOUNTS WAS CLEARLY PRESCRIBED IN EACH OF THE AGREEMENTS. NONE OF THESE AGREEMENTS PROVIDED FOR DRAWING ON US-OWNED PL-480 ZLOTYS AT ANY RATE OTHER THAN THE CURRENT RATE OF EXCHANGE, NOW 19.92-1, FOR OBLIGATIONS INCURRED IN POLAND. ALTERING THIS ARRANGEMENT TO ALLOW PAYMENT OF FAIR EXPENSES AT RATE OF 24-1 WOULD REQUIRE RENEGOTIATION OF THE AGREEMENTS, WHICH THE EMBASSY OPPOSED AND WOULD NOT RECOMMEND TO THE USG.

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4. STOPINSKI EVENTUALLY ABANDONED THIS PROPOSAL, BUT RAISED POSSIBILITY THAT FAIR MAY DECIDE TO PREPARE TWO FEE SCHEDULES, ONE FOR THOSE WHO PAY IN ZLOTY, THE OTHER FOR THOSE WHO PAY IN DOLLARS. ZLOTY FEES WOULD, BY COMPARISON WITH DOLLAR FEES, BE CALCULATED AT RATE OF 24-1. STOPINSKI ACKNOWLEDGED THAT US IS ONLY EXHIBITOR PAYING IN LOCAL CURRENCY AT POZNAN, BUT ARGUED THAT AT INTERNATIONAL BOOK

FAIR HELD IN POLAND MAY PRIVATE EUROPEAN EXHIBITORS PAID IN ZLOTY, AND SAME RATE WOULD BE APPLICABLE TO THEM. HE CLAIMED THAT THEIR PAYMENTS EXCEED THOSE OF USG IN POZNAN.

5. EMBOFF REPLIED THAT IT SEEMED OBVIOUS A NEW SCHEDULE CONSTRUCTED AT THIS RATE WAS DIRECTED AT THE USG, AND WHILE HE COULD NOT PREDICT REACTIONS OF DEPARTMENTS OF STATE, TREASURY AND COMMERCE, HE COULD HARDLY IMAGINE THEM FAVORING SUCH A SYSTEM. STOPINSKI STRESSED ZLOTY FEE ARRANGEMENT WAS ONLY A "POSSIBILITY" AT THIS TIME. IF USG HAD NO OBJECTION IT MIGHT BE APPLIED TO JUNE 1974 FAIR, BUT MORE LIKELY, IF APPROVED BY GOP, IT WOULD NOT BECOME EFFECTIVE BEFORE FALL 1974 FAIR. EMBOFF ADVISED THAT USG FINANCIAL PLANNING FOR JUNE 1974 FAIR IS WELL ALONG AND THAT, QUITE APART FROM ANY OBJECTION USG MAY RAISE TO SUBSTANCE OF PROPOSAL, ITS APPLICATION TO JUNE FAIR WOULD CAUSE CONSIDERABLE FINANCIAL PROBLEMS.

6. STOPINSKI UNTIMATELY ACCEPTED EMBASSY ASSURANCES THAT DOLLAR PAYMENTS OF EXHIBITORS TO DEPARTMENT OF COMMERCE, LESS MINOR DEDUCTIONS FOR OUT-OF COUNTRY PUBLICITY, ETC., ARE PAID TO MTP. HE AGREED THAT REMAINING CHARGES FOR JUNE 1973 POZNAN FAIR WOULD NOW BE PRESENTED TO EMBASSY FOR PAYMENT, AND WAS TOLD USG IS PREPARED TO PAY THE DIFFERENCE IN SPACE RENTAL FEES FOR THAT FAIR OCCASIONED BY FEBRUARY 1973 DOLLAR DEVALUATION. CHARGES FOR US EXHIBIT IN SEPTEMBER FAIR, WHICH BOTH MINISTRY OF FINANCE AND MFT HAVE DENIED WERE AT ISSUE, WILL PRESUMABLY ALSO BE FORTHCOMING.

7. COMMENT: EMBASSY INTENDS TO EXPRESS ITS FIRM OPPOSITION TO ZLOTY BILLING ARRANGEMENT OUTLINED IN PARA LIMITED OFFICIAL USE

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FOUR ON GROUNDS THAT IT AMOUNTS TO PRICE DISCRIMINATION AGAINST USG. IN PAST WE HAVE SUCCESSFULLY RESISTED EFFORTS BY OTHERS ORGANIZATIONS IN POLAND, E.G., ORBIS, TO COLLECT PAYMENTS IN DOLLARS FOR USG EXPENSES, AND WE ANTICIPATE THAT ACCEPTANCE OF SYSTEM SUGGESTED BY STOPINSKI WOULD MAKE IT DIFFICULT TO AVOID SIMILAR ARRANGEMENTS WITH EVERY POLISH AGENCY THAT CHARGES FOREIGNERS IN HARD CURRENCY.

8. EMBASSY WOULD WELCOME DEPARTMENT'S COMMENTS.

9. SO FAR AS EMBASSY ABLE TO DETERMINE, STOPINSKI'S SUGGESTION IS HIS OWN, AND DOES NOT YET REPRESENT MFT POSITION. IN CONVERSATIONS WITH MINISTRY OF FINANCE OFFICIALS, WE HAVE BEEN ASSURED THAT FINANCE HAS NO

OBJECTION TO CURRENT FUNDING PROCEDURES, AND THAT MFT
HAS BEEN SO ADVISED.
DAVIES

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